

9 July 1947

DOE review

MEMORANDUM FOR MR. SIDY  
GENERAL CHAMBERLIN  
ADMIRAL INGLIS  
GENERAL McDERMID

Subject: Atomic Energy Commission Intelligence

1. There is enclosed herewith for your comments or concurrence a copy of a memorandum and its enclosure thereto from the U. S. Atomic Energy Commission, subject "Atomic Energy Intelligence," dated 7 July 1947.

2. I fully concur in the procedures outlined in the above-cited memorandum and its enclosure.

3. In order that your comments and/or concurrence may be submitted to the N.I.A. with the least practicable delay, it is requested that they be returned to this office not later than 15 July 1947.



ILLEGIB

Dear Admiral U.S.A.  
Director of Central Intelligence

Enclosure:

Memorandum "Atomic Energy Intelligence"  
7 July 1947 and enclosure thereto.

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Approved For Release 2007/08/29 : CIA-RDP80R01731R000800100010-6  
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 UNITED STATES  
 ATOMIC ENERGY COMMISSION  
 Washington 25, D. C.

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(651)

July 7, 1947

RECOMMENDATION FOR: The National Intelligence Authority.

SUBJECT: Atomic Energy Intelligence.

**TAB**  
 PRACTICAL

1. The Atomic Energy Commission has been studying the intelligence situation in the field of atomic energy with a view to ascertaining the best procedure whereby the Commission can best procure and evaluate intelligence needed for its operational functions and also make the most effective contribution to the efforts of the Central Intelligence Group and other intelligence agencies to provide the nation with the best possible intelligence information in the field of atomic energy.

2. To this end, the Commission requested Rear Admiral Sidney F. Souers, USNR, (Inactive), former Director of the Central Intelligence Group, to prepare a report on the subject, a copy of which is attached hereto. As will be noted, Admiral Souers recommended that the Commission establish an intelligence organization within the Commission under a Director of Intelligence who would function largely as do the heads of intelligence of the State, War, and Navy Departments. In this recommendation, the Commission concurs.

3. In addition to his responsibilities as the intelligence officer of the Commission, it is hoped that an intimate relationship between the Director of Intelligence of the Atomic Energy Commission and the Director of the Central Intelligence Group will be established in order to obtain maximum results. To formalize this relationship, it is suggested that the Director of Intelligence of the Atomic Energy Commission become a permanent member of the Intelligence Advisory Board. Through such membership the intelligence organization of the Atomic Energy Commission would be available for scientific and technical evaluation and guidance in the field of atomic energy. Reciprocally, the Director of Intelligence of the Atomic Energy Commission would look to the Central Intelligence Group for the national policy intelligence

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SUBJECT: Atomic Energy Intelligence.

needed by the Commission, and such other intelligence services required by the Atomic Energy Commission, and which the Central Intelligence Group can best perform.

b. The Atomic Energy Commission would appreciate the early comments of the National Intelligence Authority on the overall intelligence organization within the Commission contemplated in the attached report, as well as the vital suggestion that the Director of Intelligence of the Atomic Energy Commission become a permanent member of the Intelligence Advisory Board.

(signed)

David E. Millennial,  
Chairman.

Incl. 1  
Cv. #5 of 2a (22 pages)  
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ATOMIC ENERGY INTELLIGENCEReport by Sidney E. Souers

July 1, 1947

THE PROBLEM

1. To determine the intelligence requirements of the Atomic Energy Commission and the type of organization appropriate to that end.

FACTS BEARING ON THE PROBLEM

2. Organization and Responsibilities of the National Intelligence Authority.

Circulated separately are papers regarding the organization and responsibilities of the National Intelligence Authority and its implementing agency, the Central Intelligence Group.

3. Operational Intelligence responsibilities of the Atomic Energy Commission.

The Atomic Energy Commission is in a unique position in that it is perhaps the only permanent agency of the Government which has operational intelligence responsibilities comparable to those of the State, War, or Navy Departments. It is difficult at times to distinguish operational intelligence from actual operations and it is found that the Commission, without recognizing it as such, is presently engaged in intelligence operations on an important scale. Among the intelligence activities or responsibilities of the Commission are:

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In the field of raw materials, the Commission is responsible for the procurement of adequate supplies of "source" and other materials necessary for it to carry on its activities. The Commission operates an intelligence program of wide exploration of raw materials and is engaged in proclusive operations. The relation of the exploration work to the Commission's requirements for material is such that the intelligence aspect (i.e., exploration) of this program cannot be separated from the procurement, research, and operational aspects, except in the case of the U.S.S.R. and other nation assets in the evaluation of intelligence regarding raw materials activity in Russia or Russian-dominated territories. A former section of the Manhattan Project, now a unit of the United Intelligence Group, with close liaison with the Commission through its Office of Special Projects, actually makes the final evaluation.

b. Export Control of Equipment.

The Commission has responsibility for authorizing the use of certain critical items of equipment used in the production of fissile material. Obviously one of the most important aspects of the licensing of equipment is export control. A decision as to the advisability of licensing the export of critical items may only be determined in the light of the contribution such equipment can make to the atomic energy programs of other countries. This requires an evaluation of the progress other countries have made

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In the field of atomic energy. It also requires an estimate as to whether or not such items of equipment can be procured from other industrially advanced nations, such as the U. S., Sweden, or Switzerland. It may require, also, on-the-spot investigations to determine whether or not the equipment in question is actually used for the purpose for which it was procured. These functions are strictly those of operational intelligence. They are such that they can be most effectively discharged by an intelligence organization within the Commission.

2. Export Control of "Source" Materials.

The Commission has pending numerous applications for the export of uranium and thorium for industrial and medical uses abroad, none of which reportedly relate to atomic energy activities in foreign countries. To insure, however, that the export of such material is not, in fact, diverted to foreign atomic energy activities, it will be necessary for the Commission to have available information as to the consignee, the use to which the material will be put, and the possibilities of diversion. For such information the Commission cannot rely only on information which may be submitted by a licensee. It is necessary not only to determine the actual requirements of the geographical region to which material is being dispatched, but also to investigate, when appropriate, consignees and to determine the actual use to which the exported material is being put and to endeavor to discover secondary diversions.

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The problem arises, in particular, in relation to the export of thorium compounds, principally used heretofore in the manufacture of gas mantles. The world requirements for thorium compounds are large. Much of these requirements occur in places in the world where diversion could most readily occur. Again, this is a situation whereby the Commission must rely on its own organization to procure or to supervise the procurement of required intelligence and to evaluate the resulting intelligence.

d. Security of Information and Material.

The Commission is charged with the responsibility for controlling the dissemination of restricted data in such a manner as to assure the common defense and security. Carrying out this responsibility the Commission has two primary objectives: (1) the use of restricted data in order to advance rapidly our national program for atomic energy, and (2) the denial of vital information or material to other countries.

Security depends not only upon physical measures which may surround the custody of vital information and material, but also upon the devices which other countries may use to secure them. An effective security program requires careful analysis of the tactics of other countries, their attempts in related fields, and the possibility of their success. Security also depends on an appraisal of (1) how widely known is the information

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proposed to the Commission for declassification and (2) the effect of declassification on the atomic energy programs of other countries.

This security program is an integral part of the Commission's day-to-day operations. In order to carry out security operations, the Commission requires its own intelligence staff to supply it with the best intelligence obtainable to the United States.

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#### 4. Position of Atomic Energy in the National Intelligence Picture.

The basic intelligence question for the United States today is the capabilities and intentions of other countries to engage in scientific warfare. One of the most important aspects of such warfare is atomic weapons. Estimates as to the capabilities and intentions of foreign nations to engage in atomic warfare are the primary responsibility of the State, War, and Navy Departments — the agencies charged with the immediate security of the country, including security from attack by atomic weapons. In the evaluation process, it is the desire of the State, War, and Navy Departments and the Atomic Energy Commission, functioning through the Central Intelligence Group, to collaborate to the fullest extent to assure the most effective intelligence estimate possible is made of the capabilities and intentions of other nations. The several agencies concerned with this problem have demonstrated their willingness and desire to permit the full use of their facilities to the solution of the problem.

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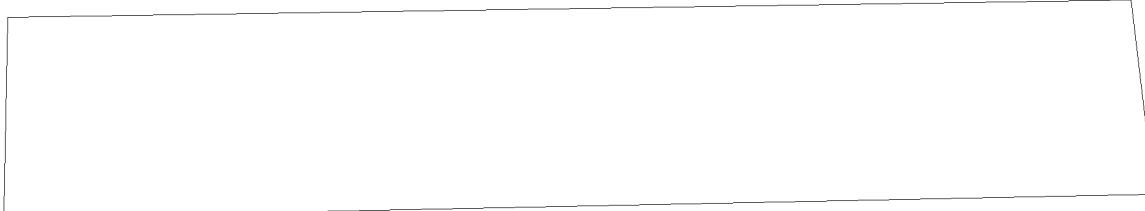
The purpose of this paper is to endeavor to devise the most effective means whereby the intelligence functions of the United States related to atomic weapons can be disintegrated. It is appropriate, therefore, to next consider the position of the Commission and the other intelligence agencies in the field of atomic energy intelligence.

5. Role of the Atomic Energy Commission in the Field of Intelligence.

The Commission has, as do indeed all intelligence agencies, several interests in the national intelligence picture. These interests are set forth below.

a. Operational Intelligence.

With respect to its statutory responsibilities, the Commission must direct the procurement, either through its own facilities or those of existing intelligence agencies, of required intelligence and must evaluate the resulting intelligence to enable it to discharge those responsibilities. These operational intelligence activities are generally described in the "Facts Bearing on the Problem". Intelligence procurement may take the form of direct procurement from abroad, utilizing overt agents, personnel attached to the various embassies, or special missions. As appropriate, the



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[Redacted Box]

b. Strategic and National Policy Intelligence.

The Commission requires intelligence of an overall nature regarding the status and attitudes of foreign countries, in order that it may discharge its duties properly. Examples are:

- (1) Evidences of reorientation of national policies of foreign governments from cooperation with the United States to warmer relationships with the U.S.S.R.
- (2) Changes in U.S.S.R. attitudes toward countries such as France, Belgium, etc.

This information can best be supplied by the Central Intelligence Group [Redacted Box]

c. Scientific and Technical evaluation and intelligence

The Central Intelligence Group is in a position to supply coordinated estimates of the political and economic factors in the field of atomic energy intelligence. It cannot, however, effectively provide the scientific and technical evaluation needed to complete the picture. The best reservoir of personnel qualified to evaluate scientific and technical developments in atomic energy is within the Commission itself. The basic need is for a program

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whereby intelligence from abroad can be channeled to the proper personnel within the Commission with experience to evaluate the meaning. For example, if today an apparently authoritative program of atomic energy development in a foreign country could be followed covertly, the efficacy of that program could best be evaluated by the technical and scientific personnel of the Atomic Energy Commission. It is also important to note that such information might be of vital interest to the Commission in resolving technical problems confronting it which had already been solved in a foreign country.

In the scientific and technical field, the Commission must organize itself in such a way that it can assist the Central Intelligence Group in the selection of critical intelligence targets, including the selection of items for observation of peculiar significance as indicative of progress in other countries.

6. Relation of the Atomic Energy Commission to Intelligence Agencies other than the Central Intelligence Group.

There appears a disposition in some quarters to believe that the Commission's activities in the field of intelligence should be limited solely to contacts with the Central Intelligence Group. It should look primarily to the Central Intelligence Group for national policy intelligence, but direct contact must be maintained between the Atomic Energy Commission and other intelligence agencies in Washington for operational intelligence. The needs for operational intelligence of the Commission, the State Department, the War Department, and the Navy Department and, in the case of personnel and

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(ii) To represent the Commission in all intelligence matters relating to other agencies of the Government, including: (a) scientific and technical evaluation of intelligence reports from abroad, and (b) scientific and technical assistance in selection of intelligence targets or critical items of observation by other intelligence agencies.

It will be recognized that, in the discharge of the foregoing functions, the Director of Intelligence must utilize the existing operational personnel to the fullest extent to perform such tasks. For example, his responsibility will be to ensure that timely evaluation is made by qualified employees of the Commission, rather than to make such evaluations with his own personnel.

The Director of Intelligence should also be responsible for assuring, in each major establishment of the Commission:

- (1) That prompt and proper distribution is made of intelligence reports.
- (2) That timely and thorough evaluation of intelligence received is made and appropriately disseminated.
- (3) That the intelligence requirements of the principal installations are forwarded to Washington for action, and
- (4) That other intelligence functions are discharged.

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